

(b) World Bank in its Country Economic Memorandum (1996) has highlighted the importance of completing the financial sector reforms rapidly for promoting efficient allocation of investments required for achieving higher growth. They emphasized that some of the most important remaining aspects of financial sector reforms can only be implemented if fiscal consolidation is achieved. The report has recommended the following reforms in the financial sector: (i) restructuring of public sector banks; (ii) phasing out of the remaining controls of banks and insurance companies; (iii) accelerating development of money markets; and (iv) strengthening of prudential regulations, supervision, capital market infrastructure and of the legal and regulatory framework.

(c) The financial sector reforms are an ongoing process. Government has decided to limit the Central Government fiscal deficit to 5% of GDP in the current financial year. The various actions taken by Government on their own in the financial sector so far, among others, include : (i) substantial progress in deregulation of interest rates; (ii) entry of private sector banks; (iii) setting up of private sector Local Area banks with lower initial capital requirement; (iv) legislation enabling the establishment of depositories; (v) Stronger disclosure norms in respect of primary issues; and (vi) guidelines for mutual funds in general and money market mutual funds in particular.

Irregularities in Accounts of Punjab and Sind Bank

4255. SHRI HARIN PATHAK : Will the Minister of FINANCE be pleased to state :

(a) whether the Punjab and Sind bank has violated certain banking norms to show profits during the last year;

(b) whether serious lapses and non-compliance of RBI guidelines have also been pointed out by the auditors;

(c) if so, the action taken by the Government in regard thereto; and

(d) the circumstances leading to extension in service to Chairman-cum-Managing Director of the bank even without the recommendation of RBI?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). Reserve Bank of India (RBI) has intimated that Punjab & Sind bank had Capitalised a sum of Rs.15.61 crores as on 1st April, 1994, being the amount of broken period interest paid to sellers at the time of purchase of securities by the bank, for the period 1.4.1990 to 31.3.1994 by credit to income account. The Auditors observed that it was not a sound policy. Some of the other qualifications made

by the auditors in the Balance Sheet of the Punjab and Sind Bank for the year 1994-95 were regarding accrued interest taken to income account and short provisions for advances. RBI, after examining the issue, had advised the bank that the broken period interest taken to the income account for the year ended 31st March, 1995 should be reversed from the income head while finalising the accounts for the year ended 31st March, 1996. Accordingly, the Bank has reversed the entry for Rs.15.61 crores as on 31.3.1996 by debiting provisions and contingencies and crediting investments.

(d) The tenure of the previous Chairman and managing Director of the Bank was extended by the appropriate authority until such time his successor, the present Chairman and Managing Director was appointed.

Export Quota Policy

4256. SHRI MANIKRAO HODLYA GAVIT :

SHRI PARASRAM BHARDWAJ :

Will the Minister of TEXTILES be pleased to state :

(a) whether the Union Government have abolished the quota for handloom sector in the new Textile Export Entitlement Policy (Quota Policy), 1997-99 announced recently;

(b) if so the reasons therefor and the quota announced for different sectors of textiles industry according to new policy;

(c) whether the Government have received any suggestion from textiles exporters in this regard; and

(d) if so, the details thereof and the reaction of the Government thereto?

THE MINISTER OF OF TEXTILES (SHRI R.L. JALAPPA) : (a) The reservation for the handloom sector, within the Non-Quota Exporters Entitlement systems of the Textiles Export Entitlement Policy, has been abolished for the period 1997-99. However, the handloom sector continues to enjoy a reservation in categories 369(D)/USA and 369(S)/USA as before.

(b) to (d). The Government had constituted a Task Force to give its recommendations on the new long term Textiles Export Entitlement Policy for the period 1997-99. The Task Force received suggestions from different Textiles Export promotion Councils Exporters' Associations, individual exporters and held open house meetings with exporters/interest groups in Mumbai, Madras and new Delhi. It submitted its report to the Government on 31 July, 1996. After detailed examination of the the recommendations of the Task Force, the Government announced the Textiles Export Entitlement Policy (1997-99) on 14-10-96. The systems of allotment

and their percentage level in the new Policy, are as follows:

System	Percentage of Annual level		
	Yarn	Fabrics (other than Cat 3, 3a/EU)	Fabrics (For Cat. 3, 3a/EU)
Past Performance Entitlement (PPE)	55	55	55
(of which High Value Entitlement)	(15)	(15)	(15)
Manufacturer-Exporters Entitlement (MEE)	15	15	15
Ready Goods Exporters Entitlement (RGE)	25	15	25
Non-Quota Exporters Entitlement (NQE)	5	5	5
Powerloom Exporters Entitlement (PEE)	-	10	-
Total	100%	100%	100%

The handloom made-up items under quantitative restraint in USA are to be allocated as follow :

System	Percentage of Annual Level
Past Performance Entitlement (PPE)	55
(of which High Value Entitlement)	(15)
Ready Goods Exporters' Entitlement (RGE)	40
Non-Quota Exporters' Entitlement (NQE)	5

Illegal Copper Trade

4257. SHRI G.M. KUNTURKAR : Will the Minister of INDUSTRY be pleased to state :

(a) whether the attention of the Government has been drawn to the newsitem appearing in 'The Hindustan Times' dated October 3, 1996 under caption "Illegal Copper Trade has Cost Crores";

(b) if so, the details of illegal copper trade unearthed by the Government during the current year; and

(c) the action taken by the Government against those who are involved in the illegal trade?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Yes, Sir.

(b) Government have not unearthed any illegal copper trade as brought out in the news item. The Small and tiny units in Delhi manufacturing the winding wires obtain the supplies of electrolytic copper from the Hindustan Cooper Limited, MMTC and through direct imports. These units are registered with the Central Excise Department by Code/registration numbers and avail MODVAT credit on the materials received through these channels. End/actual users of winding wires get credit adjustment of excise duty paid by winding wire manufacturers under MODVAT. Under the MODVAT scheme, there is no incentive for SSI units to avoid payment of excise duty. the units with turnover upto Rs.30 lakhs are, however, exempted from the excise duty.

(c) In view of 'B' above, does not arise.

[Translation]

Natural Gas in Vehicles

4258. SHRI DILEEP SANGHANI : Will the Minister of INDUSTRY be pleased to state :

(a) whether use of compressed natural Gas in Government vehicles is proving expensive;

(b) whether maintenance and safety of vehicles run by compressed Natural Gas is difficult; and

(c) if so, the reaction of the Government thereon?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) No, Sir.

(b) No, Sir.

(c) Does not arise.

Dams on Katri River

4259. PROF. RITA VERMA : Will the Minister of COAL be pleased to state :

(a) the amount spent on construction of the dam on the Katri river, near the Gazli-Tond coal mine;

(b) whether seepage occurred after cracks developed in the new dam recently; and

(c) if so, the action taken against the guilty persons in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) As per information furnished by Coal India Limited (CIL), a sum of about Rs. 20 lakhs has been spent by Bharat Coking Coal Limited (BCCL) for construction of the Katri river near the Gaslitand coal mine.

(b) CIL has reported that no cracks developed in the new embankment and there was no seepage through the body of the embankment.

(c) Does not arise in view of (b) above.